

Wisconsin Coalition of Annuitants

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Minutes of Meeting March 18, 2019

The meeting was held at the Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, and was called to order by the Chair Sandy Drew at 9:30 a.m.

DIRECTORS & ALTERNATES PRESENT: W. Backes, AFSCME 32; R. Beglinger, WFT-R; B. Brooks, CWCR; D. Chickering, WREA; S. Drew, SWIB; E. Frank, DNR; P. Haubrich, UWMRA; B. Holmes, ESP; A. Knop, WEAC-R; R. Kratz, DOC; T. Leithold, KM-R; G. Mitchell, AFSCME 52; J. Munro, WARSDA; F. Nepple, OCI; J. Palmer, WPPA; B. Schaefer, SEA; R. Springman, WFT-R; J. Stangl, DCAREA; S. Sweet, BAREA; J. Thiel, ACE; J. Vreeland, Wauwatosa; C. Welch, BAREA, D. Wilcenski, WREA.

GUESTS: J. Forester, M. Heisterkamp, T. Hunter, R. Klaskin, T. Pray, C. Preisler, J. Risch, T. Sieg, R. Wojciak.

EXCUSED: J. Blank, J. Egan, J. Grosklaus, J. Maydak, J. Miller, S. Sweet.

MINUTES of the February meeting were approved as mailed.

GUEST: Rochelle Klaskin, Deputy Executive Director/Chief Adm. Officer, SWIB.

Last week the Board met and topics included the LAB two year management and annual financial audits along with discussion on compensation and recruitment.

LAB highlighted the lack of documentation of new hires. Last year 43 SWIB positions were filled. In July, last year, SWIB enhanced its software to improve documentation of the recruitment procedure and process. All positions continued to be publicly posted. Recruitment of individuals, by managers, without an application is also documented. Hiring managers have been trained on how to use the software. SWIB's recruitment philosophy has been updated and is available on the website. LAB committee hearing has not been determined, following several postponements.

Annual staff turnover is expected to be around 6%, last year it was around 12%. About half of the new hires are actively recruited. With technology and automation there is change in job descriptions and positions. Surveying staff, thirty-five employees expressed interest in artificial intelligence information/training with five employees being partnered with the University of Toronto and attending national training seminars.

In response to a question, from a merit based position the people hired were the most qualified. Some recruiting was based on existing employee networks and what was known about their performance. The problem was the lack of documentation, not the applicants qualifications.

The LAB audit report had four recommendations. 1) Investment Stress Testing in several areas was proposed without providing any guidance. SWIB does stress testing on returns and liquidity. 2) Law changes for stress testing is not a SWIB issue. Legislation is needed. 3) Technology/project budget expense information should be more frequently reported to the Board. 4) Performance reporting should be more clearly identified as: Gross of Fees, Net of Management Fees, or Net Of All (includes all SWIB expenses).

Compensation for performance was the lowest in the last five years, 15% lower than last year.

Incentive compensation is 2% of total costs of \$450 million (total cost 39 cents per \$100 invested) and 85% of the cost is for external managers.

GUEST: Chris Preisler, Communications Specialist, SWIB.

Preliminary returns the end of February; Core Fund 6.5%, benchmark, 6.4%. Variable Fund 11.6%, benchmark 11.6%. Over \$107 billion in retirement assets.

GUEST: Molly Heisterkamp, Wellness and Disease Management Program Manager, ETF.

Well Wisconsin program, part of the state group health insurance plans, has now completed two cycles. The goals of the program are to increase participation, high satisfaction rates, and improve health outcomes. The program began in 2013 with the individual health plans managing and in 2017 all management was taken over by StayWell. To earn a \$150 wellness incentive participants must go through health screening, complete a health care provider form, health assessments and robust health activities. The past year approximately 29% of those eligible participated in the incentive wellness programming. This is an increase of 66% since StayWell management started. The need is to continue communication with those eligible, especially retirees. The contract with StayWell is

through 2022 and the goal is 40% participation which may reduce healthcare costs. Individual questions and program participation/data was shared.

GUEST: Tara Pray, Office of Strategic Health Policy Communications Lead, ETF.

Update on the Medicare Advantage - United Healthcare program. ETF has 6,690 individuals enrolled in Medicare Advantage out of a total group of 23,000. A number of individuals that moved to the Medicare Advantage plan were in the Medicare Plus plan. The introduction to the program has been successful and United Healthcare has a full-time staff member at ETF.

GIB open enrollment will be September 30 - October 30, 2019. GIB approved becoming Medicare eligible as a life changing event for changing insurance plans. GIB also approved spouse coverage when one is medicare eligible, more information coming.

GUEST: Trica Seig, Supplemental Plan Manager, ETF

Supplemental plans. Accidental Death and Disability insurance plans have changed. Several RFPs have been submitted including plans that would include accidental death/hospitalization for retirees to an unlimited age, with increased premiums. Plans reaching age 70 are less costly, with limited benefits. Is there an interest for retirees in supplemental dental plans?

GUEST: Tarna Hunter, Director of Strategic Engagement and Government Relations, ETF.

GIB Audit Bureau committee hearing was held on February 28. In November ETF will return to the committee in response to the committee recommendations.

ETF has reviewed the Governor's budget bill and has identified several items that relate to ETF. 1) Two positions have been approved for the disability program administration. 2) Oversight of the Income Continuation and Limited Term Disability moves from GIB to ETF. 3) Internal auditor to be appointed by the ETF Board. 4) Mandatory LAB audit funding. 5) GIB Opt-Out Incentive. 6) GIB on-site health clinics. 7) Return to work for retiring teachers. 8) Several mandated reports.

Legislative proposed - AB 5 and SB 5 are referred to as the jailer bills and would result in county jailer's being classified as protective. There is a cost involved to the employee and the employer. Bills being circulated. 1) Firefighters and law-enforcement will retain their annuity upon return to work. 2) WRS credit for military service, separate bill for Department of Corrections employees.

CORRESPONDENCE - None

OLD BUSINESS - Letter to LAB regarding GIB.

- Speakers for Conference.

NEW BUSINESS - None

TREASURER'S REPORT - Check book balance \$9,947.00 . No activity

Annual Conference Friday May 10, 2019

NEXT MEETING: June 17, 2019, 9:30 a.m. Wisconsin Education Association Council, Media Room, 33 Nob Hill, Madison, WI.

The meeting adjourned by 11:50 a.m.

Respectfully submitted – Dick Kratz

Upcoming meetings: ETF Board - 6/20; 9/19; 12/12 SWIB Board - 6/11-12; 9/10-11; 10/22-23; 12/17-18